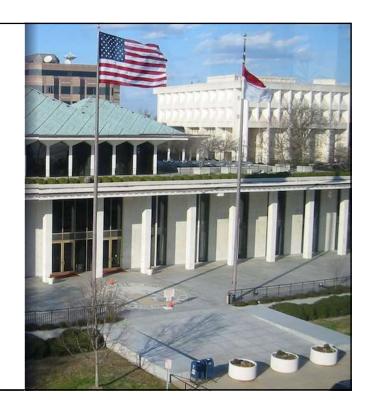


Department of
Transportation and
Council of Internal
Auditing Did Not Ensure
DOT Compliance with
Internal Audit Act

November 9, 2020

**Jim Horne, Principal Program Evaluator** 



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## **Project Scope**

JLPEOC 2019–20 Work Plan directed PED to examine efficiency and effectiveness of DOT's internal audit program and oversight of the program by DOT and by the Council of Internal Auditing

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## Findings

- 1. DOT OIG failed to conduct types of internal audits that could have flagged overspending and cash flow problems identified by a national firm and the State Auditor
- 2. Majority of audits are misaligned with best practices concerning functional boundaries and independence

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## **Findings**

3. Council of Internal Auditing has been viable and active but has not probed or challenged effectiveness of internal audit units

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### **Recommendation 1**

The General Assembly should direct the State Board of Transportation Audit Committee to revisit DOT OIG's annual plan and determine why OIG is not publishing reports

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### **Recommendation 2**

The General Assembly should direct the Council of Internal Auditing to conduct a hearing on DOT internal audit functions and assist DOT in improving the effectiveness of OIG

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### **Recommendation 3**

The General Assembly should direct the Council of Internal Auditing to establish and monitor compliance with standards for all internal audit units within state agencies

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# Recommendation 3 (Cont'd)

## The Council of Internal Auditing should

- establish a minimum level of performance audit effort
- periodically examine a stratified sample of internal auditing reports and annual plans for conformity and report deficiencies, and
- review every external quality assurance review for each agency internal audit function, hold hearings on any reported deficiencies, and monitor corrective action

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